

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
(“CEFA” or the “Authority”)

ADDENDUM TO FINAL STATEMENT OF REASONS

ADOPT Sections 9071 through 9075
Title 4, Division 12, Chapter 3
California Code of Regulations

CEFA withdrew the original rulemaking file during OAL review on December 1, 2006. In response to OAL concerns, CEFA made the following changes to the text of regulations in the 3rd and 4th 15-day comment periods. The changes include correcting errors, accurately defining terms, cross-referencing citations, enhancing clarity and making regulations internally consistent.

SECTION 9071:

- Government Code Section 8869.82 was added for reference
- “CEFA board approval, pursuant to Section 7073 (a)” was added for clarification
- “Qualified scholarship funding corporation” was defined by adding the reference “subsection (d) of Section 150 of Title 26 of the United States Code”
- The word “qualifies” was replaced with “meets the threshold criteria” to be consistent with Section 9074

SECTION 9072:

- Section 9020 was erroneously referenced, replaced by Section 9001
- 9072 (b)(1):
 - (1) was deleted subsequent to the deletion of section 9072 (b)(2)
 - “of Title 26 of the United States Code” replaces “of the Internal Revenue Code”
 - The words “as amended and as set forth in Sections 1070 through 1089 of Title 20 of the United States Code, or any successor provisions thereto” were added to be consistent with the citation in Section 9072 (f)
 - 9072 (b) (E) was deleted subsequent to the deletion of section 9072 (b)(2)
- 9072 (b)(2): Section was moved to 9073 (a) (13)
- 9072 (c):
 - “CEFA board approval” was added for clarification
 - The end quote after “date” was deleted
- 9072 (d): “subsection (d) of Section 150 of Title 26 of the United States Code” replaces “Section 150(d) of the Internal Revenue Code”
- 9072 (e): “subsection (d) of Section 146 of Title 26 of the United States Code” replaces “Section 146(d) of the Internal Revenue Code”

SECTION 9073:

- For consistency, “Factors” was changed to “Criteria”
- 9073 (a): “CEFA board approval” was added for clarification
- 9073 (a)(3): “reasonable” was deleted

- 9073 (a)(4): “reasonable” and “and/or outreach” was deleted
- 9073 (a)(6): “significant” was replaced with “a demonstrated”
- 9073 (a)(7): “high quality” was replaced with “competitive and comprehensive student loan”
- 9073 (a)(8): “sufficient” was replaced with “demonstrated”
- 9073 (a)(9): “sufficient” was replaced with “demonstrated”
- 9073 (a)(11): “high quality” was deleted
- 9073 (a)(13): Language from deleted Section 9072 (b)(2) was moved to Section 9073 because it is no longer considered part of the definition of an Eligible Candidate, but is instead criteria to be considered by the Authority for CEFA board approval.

SECTION 9074:

- The words “ of Section 9072 (b)” were added for clarification
- “a” was replaced by “that” for clarification
- 9074 (a)(2): “,or” was deleted
- 9074 (a)(5): Section was deleted because the Authority no longer uses the form in question.
- 9074 (c)(1) & (2): Section was added to specifically list the information in the deleted form in the regulation.
- 9074 (d): Section was added to accompany section 9073 (a)(13)

SECTION 9075:

- “may publish” was replaced by “will compile” to delete ambiguity on whether or not publication is required.

In addition to language changes, CEFA added the following documents to the file:

1. Redlands Surgical Services v. Commissioner of Internal Revenue, United States Tax Court Case No. 11025-97X (July 19, 1999)
2. Legal Analysis of United States Tax Court Case No. 11025-97X

These documents support CEFA’s position that the regulations comply with the Federal statute.

**THERE WERE NO COMMENTS RECEIVED IN THE THIRD OR FOURTH
15-DAY COMMENT PERIOD.**